

USAC

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

DOCKET FILE COPY ORIGINAL
FILED/ACCEPTED

AUG 24 2009

Federal Communications Commission
Office of the Secretary

Via Electronic and First Class Mail

August 19, 2009

Ms. Julie Veach
Acting Chief, Wireline Competition Bureau
Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

WC 06-122

WC 05-337

Re: Policy Guidance Regarding Universal Service
Fund Matters Previously Submitted to Commission Staff

Dear Ms. Veach:

In response to a request from Wireline Competition Bureau (WCB) and Office of Managing Director (OMD) staff, the Universal Service Administrative Company (USAC) hereby provides this non-confidential summary of policy guidance requests previously presented to Federal Communications Commission (FCC or Commission) staff regarding Universal Service Fund (USF) matters. The letter lists six outstanding matters for which USAC has requested guidance.

1. USF Contributions: Reporting of Prepaid Telephone Card Revenue on FCC Form 499-A.

- (a) The FCC Form 499-A Instructions require carriers to report as telecommunications revenue the amount the customer paid for the calling card. The FCC Form 499-A, however, requires carriers to report the face value of the card as revenue. USAC has requested guidance to clarify these seemingly conflicting requirements. In cases where carriers sell prepaid calling cards to a third-party distributor or wholesaler not affiliated with the carrier, the selling carrier may not be aware of what the end-user customer paid. Further, when a prepaid card does not have a face value, or the customer paid less than face value because of discounting, then carriers are using alternative methods for calculating calling card sales. Reporting requirements need to be clarified to assist carriers with an alternative method that can be used to determine the revenue amount that should be reported on Line 411 of the FCC Form 499-A when the face value or the amount paid by the customer is not known by the original selling carrier.

No. of Copies rec'd 0
List A B C D E

- (b) Audits of prepaid calling card revenue reporting indicate that the FCC Form 499-A and corresponding instructions do not address the question of how carriers should report revenue related to prepaid calling cards that measure units of time rather than dollar amounts. Commission guidance on appropriate treatment of revenue related to such cards is requested with the outcome potentially impacting USF collections.
- (c) The FCC Form 499-A and corresponding instructions do not address the question of when prepaid calling card revenue should be recognized and reported by a carrier. If the carrier cannot determine when a prepaid telephone calling card is sold to an end-user customer, when should the carrier report the revenue associated with the card on the FCC Form 499-A?

Impact on the Universal Service Fund

These issues create both a reporting issue for the carrier and an audit problem for USAC when determining an adequate method for calculating the revenue impact to the USF. Until these issues are clarified by the Commission, USF collections by carriers may be overstated or understated.

2. USF Contributions: Classification of ATM/Frame Relay Revenue.

USAC's Internal Audit Division (IAD) audit activities revealed reporting issues concerning Asynchronous Transfer Mode (ATM) and Frame Relay products. USAC IAD identified instances where ATM revenue was classified as non-telecommunications revenue and reported on Line 418 of the FCC Form 499-A. Carrier responses to audit inquiries indicate such revenue is considered derived from an "information service." USAC is seeking policy guidance concerning the proper categorization of ATM/Frame Relay revenue.

Impact on the Universal Service Fund

Audits indicate a substantial amount in potential underreporting of revenues subject to USF contributions.

3. USF Contributions: Classification of Virtual Private Network and Dedicated Internet Protocol Revenue.

Audit findings for multiple carriers require Commission guidance on the proper classification of Virtual Private Network (VPN) and Dedicated Internet Protocol telecommunication services. VPN service provides the functions and features of a private network without the need for dedicated private lines. Through the use of an encrypt-transmit-decrypt process, the VPN customers have a solution that is the same as dedicated point-to-

point connections. Carriers have classified VPN service revenues, as related to circuit charges and flat fee charges, and dedicated Internet Protocol (IP) revenues as non-telecommunications revenue on Line 418 of the FCC Form 499-A.

Further inquiry disclosed that the dedicated IP revenue amount was primarily related to data transport using IP. This product is similar to Private Line/Frame Relay, which is to be entered on Line 415, per the 2006 FCC Form 499-A Instructions.¹ The product contains encryption and processing that is transparent to the customer and is used in the operation of the system.

Impact on the Universal Service Fund

Potential USF contribution recovery from two audited carriers is substantial. Other carriers offering similar services not reporting revenues from these services will further cause an understatement of revenues.

4. High Cost Program: Document Retention Requirements Prior to Rule Change.

The Commission established explicit High Cost Program document retention rules² effective March 1, 2008 that require carriers retain for five years from receipt of funding all records necessary to demonstrate to auditors that support received was consistent with High Cost Program rules. When the Commission established this rule, it did not address what, if any, remedial actions should be initiated against carriers that did not maintain documentation for periods being audited prior to the establishment of the High Cost Program documentation rules.

Impact on the Universal Service Fund

Although the Commission established High Cost Program documentation retention rules applicable on a prospective basis, the Commission did not address audits and the result of audits prior to the establishment of the documentation rules. USAC is not able to take action on these findings until the Commission provides policy guidance. There are approximately 100 audits that have a finding related to documentation for periods prior to the establishment of the High Cost Program document retention rules. Although USAC is performing additional reviews for all disclaimed and adverse audits, there are still outstanding audits with documentation issues from audits performed by USAC IAD for 2003 to 2005 and audits that received a qualified opinion from Rounds 1 and 2 of the FCC OIG

¹ 2006 FCC Form 499-A Instructions at 24.

² See 47 C.F.R. § 54.202(e).

USF audit program. The potential recovery of support paid to beneficiaries is significant, if the support is deemed improper and recoverable due to carrier failure to comply with the document retention requirements of Section 54.202(e), even though this rule was not in effect for the time period being audited. This issue will also become a common finding in Round 3 of the FCC OIG USF audit program audits, because the time period being audited includes transactions that occurred prior to Section 54.202(e) going into effect.

5. High Cost Program: Income Tax for S-Corporations.

USAC has requested clarification on whether income taxes attributable to S-corporation shareholders as a result of their ownership of the corporation's equity are includable in the carrier's revenue requirement and, therefore, recoverable through USF. Current industry practice allows carriers formed as S-corporations to impute the taxes on income paid by the shareholders for purposes of determining the corporation's reportable interstate revenue. This practice makes S-corporation and C-corporation treatment consistent by recognizing the taxable income of a regulated carrier as recoverable regardless of corporate form.

S-corporation carriers believe that shareholder income taxes may be included in carrier's revenue requirement because:

- (a) this is standard industry practice recognized by the National Exchange Carrier (NECA) (*see* Section 3.1 of its Cost Issues Manual);³
- (b) a Policy Statement from the Federal Energy Regulatory Commission providing for an income tax allowance for partnerships owning interest in a regulated public utility;⁴ and
- (c) an FCC position allowing cable companies to recover such income taxes.⁵

In addition, NECA allows S-Corporations to include shareholder income taxes for NECA common line pool purposes. While historical practice has been for carriers to include income taxes attributable to S-Corporation shareholders in determining the telephone company's interstate revenue reporting requirement, it has been an audit finding in over 20 High Cost Program beneficiary audits because the auditors do not agree with the industry practice. As the rules are silent on this issue, USAC is not able to take action on these findings until the Commission has provided policy guidance.

³ *See generally*, NECA Cost Issues Manual, Section 3.1, Income Tax Treatment of Subchapter S Corporations, Partnerships and Certain Limited Liability Companies, 12/90 (Revised 4/99, 03/07).

⁴ 111 FERC ¶ 61,139 (2005) at ¶ 32.

⁵ *See* Implementation of Sections of the Cable Television Consumer Protection and Competition Act of 1992: Rate Regulation and Adoption of a Uniform Accounting System for Provision of Regulated Cable Service, 9 FCC Rcd 4527 (1994).

Impact on Universal Service Fund

During Rounds 1 and 2 of the FCC OIG USF audit program audits, this finding was identified in over 20 audits and recovery of High Cost Program support would be significant if the S-corporation carriers are not permitted to impute shareholder income tax in determining the company's interstate revenue requirement. The resolution of this finding will impact multiple years.

6. High Cost Program: Applicability of the CETC Industry-Wide Interim Cap to Company Specific Caps for AT&T and Alltel.

The Commission established the CETC industry-wide cap effective as of August 1, 2008 (FCC 08-122, rel. May 1, 2008). Prior to release of this order, the Commission also established two company specific High Cost caps for AT&T (FCC 07-196, rel. Nov. 19, 2007) and Alltel (FCC 07-185, rel. October 26, 2007). USAC believes that it is required to implement the orders for AT&T and Alltel company-specific caps for the time period each respective order was in effect until the date it was superseded by FCC 08-122, because the CETC industry-wide cap was effective prospectively and did not state that it superseded the company-specific caps retroactively. The company specific caps were not implemented prior to the CETC industry-wide cap for administrative reasons only. USAC was ready to implement the company-specific caps in the June 2008 High Cost disbursement cycle. At the written direction of Commission staff, however, USAC did not implement the company-specific caps. Had Commission staff agreed to the implementation methodology for the AT&T and Alltel company specific caps, these two individual caps would have been implemented prior to the effective date of the CETC industry-wide cap.

USAC is requesting written guidance as to whether the AT&T and Alltel company-specific cap orders should be implemented for the time periods each order was in effect, prior to the effective date of the industry-wide cap.

Impact on Universal Service Fund

If USAC were to implement the company specific caps for AT&T and Alltel, significant amounts of funding previously disbursed would be recovered from each carrier.

The determination of these matters will significantly impact USF collections, the USF contribution factor, USAC administrative and operational responsibilities, and the obligations of contributors and beneficiaries. USAC respectfully requests guidance

Julie Veach
Federal Communications Commission
August 19, 2009
Page 6 of 6

regarding the matters set forth above. We are available to meet to discuss any of these issues. USAC appreciates your consideration of these matters.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Belden", with a long horizontal flourish extending to the right.

Richard A. Belden
Chief Operating Officer

cc: Steven VanRoekel, Managing Director, FCC
Mark Stephens, Chief Financial Officer, FCC
David Hunt, Acting Inspector General, FCC

2009 FCC Form 499-A Telecommunications Reporting Worksheet (Reporting Calendar 2008 Revenues)

>>> Please read instructions before completing. <<<

 Approval by OMB
3060-0855

Annual Filing -- due April 1, 2009

Block 1: Contributor Identification Information

During the year, filers must refile Blocks 1, 2 and 6 if there are any changes in Lines 104 or 112. See Instructions.

101 Filer 499 ID [If you don't know your number, contact the administrator at (888) 641-8722.]

If you are a new filer, write "new" in this block and a Filer 499 ID will be assigned to you.

102 Legal name of reporting entity

103 IRS employer identification number

[Enter 9 digit number]

104 Name telecommunications provider is doing business as

105 Telecommunications activities of filer [Select up to 5 boxes that best describe the reporting entity. Enter numbers starting with "1" to show the order of importance -- see directions.]

- | | | | |
|--|--|--|---|
| <input type="checkbox"/> CAP/CLEC | <input type="checkbox"/> Cellular/PCS/SMR (wireless telephony incl. by resale) | <input type="checkbox"/> Coaxial Cable | <input type="checkbox"/> Incumbent LEC |
| <input type="checkbox"/> Interconnected VoIP | <input type="checkbox"/> Interexchange Carrier (IXC) | <input type="checkbox"/> Operator Service Provider (OSP) | <input type="checkbox"/> Paging & Messaging |
| <input type="checkbox"/> Payphone Service Provider | <input type="checkbox"/> Local Reseller | <input type="checkbox"/> Private Service Provider | <input type="checkbox"/> Satellite Service Provider |
| <input type="checkbox"/> Shared-Tenant Service Provider / Building LEC | <input type="checkbox"/> Prepaid Card | <input type="checkbox"/> Toll Reseller | <input type="checkbox"/> Wireless Data |
| <input type="checkbox"/> SMR (dispatch) | | | |

 If Other Local, Other Mobile or Other Toll is checked,
describe carrier type / services provided: ➔

☐ Other Local

☐ Other Mobile

☐ Other Toll

106.1 Holding company name (All affiliated companies must show the same name on this line.)

106.2 Holding company IRS employer identification number

[Enter 9 digit number]

 107 FCC Registration Number (FRN) [<https://svartifoss2.fcc.gov/cores/CoresHome.html>]
[For assistance, contact the CORES help desk at 877-480-3201 or CORES@fcc.gov]

[Enter 10 digit number]

108 Management company [if filer is managed by another entity]

 109 Complete mailing address of reporting entity
corporate headquarters

 Note: this address will be used for the ITSP FCC regulatory
fee billings unless the appropriate box is checked on Line 208.

Street1

Street 2

Street 3

City

State

Zip (postal code)

Country if not USA

 110 Complete business address for customer inquiries and
complaints

 check if same address as Line 109 ☐

Street1

Street 2

Street 3

City

State

Zip (postal code)

Country if not USA

111 Telephone number for customer complaints and inquiries [Toll-free number if available]

() - ext -

112 List all trade names used in the past 3 years in providing telecommunications. Include all names by which you are known by customers.

a

g

b

h

c

i

d

j

e

k

f

l

Use an additional sheet if necessary. Each reporting entity must provide all names used for telecommunications activities.

PERSONS MAKING WILLFUL FALSE STATEMENTS IN THE WORKSHEET CAN BE PUNISHED BY FINE OR IMPRISONMENT UNDER TITLE 18 OF THE UNITED STATES CODE, 18 U.S.C. § 1001

Save time, avoid problems -- file electronically at

<http://forms.universalservice.org>

 FCC Form 499-A
February 2009

Block 2-A: Regulatory Contact Information

201 Filer 499 ID [from Line 101]					
202 Legal name of reporting entity [from Line 102]					
203 Person who completed this Worksheet	First	MI	Last		
204 Telephone number of this person	() -	ext -			
205 Fax number of this person	() -				
206 Email of this person Required if available -- not for public release					
207 Corporate office, attn. name, and mailing address to which future Telecommunications Reporting Worksheets should be sent	Office	Attn First name	MI	Last	
	Email [required if available, not for public release]	Phone () -	ext-	Fax () -	
	Street1				
check if same name as Line 203 <input type="checkbox"/>	Street 2				
check if same address as Line 109 <input type="checkbox"/>	Street 3				
	City	State	Zip (postal code)	Country if not USA	
208 Billing address and billing contact person: [Plan administrators will send bills for contributions to this address. Please attach a written request for alternative billing arrangements.]	Company	Attn First name	MI	Last	
	Email [required if available, not for public release]	Phone () -	ext-	Fax () -	
	Street1				
	Street 2				
check if name and address same as Line 207 <input type="checkbox"/>	Street 3				
check to use Line 208 information for FCC ITSP regulatory fee bill <input type="checkbox"/>	City	State	Zip (postal code)	Country if not USA	

Block 2-B: Agent for Service of Process

All carriers and providers of interconnected VoIP must complete Lines 209 through 213. During the year, carriers and providers of interconnected VoIP must refile Blocks 1, 2 and 6 if there are any changes in this section. See Instructions.

209 D.C. Agent for Service of Process per 47 U.S.C. § 413	Company	Attn First name	MI	Last	
210 Telephone number of D.C. agent	() -	ext -			
211 Fax number of D.C. agent	() -				
212 Email of D.C. agent Required if available					
213 Complete business address of D.C. agent for hand service of documents	Street1				
	Street 2				
check to use Line 213 information for FCC ITSP regulatory fee bill <input type="checkbox"/>	Street 3				
[If both Line 208 and Line 213 are checked, Line 208 will be used.]	City	State	DC	Zip	
214 Local/alternate Agent for Service of Process (optional)	Company	Attn First name	MI	Last	
215 Telephone number of local/alternate agent	() -	ext -			
216 Fax number of local/alternate agent	() -				
217 Email of local/alternate agent Required if available					
218 Complete business address of local/alternate agent for hand service of documents	Street1				
	Street 2				
check to use Line 218 information for FCC ITSP regulatory fee bill <input type="checkbox"/>	Street 3				
[If both Line 208 and Line 218 are checked, Line 208 will be used.]	City	State	Zip (postal code)	Country if not USA	

PERSONS MAKING WILLFUL FALSE STATEMENTS IN THE WORKSHEET CAN BE PUNISHED BY FINE OR IMPRISONMENT UNDER TITLE 18 OF THE UNITED STATES CODE, 18 U.S.C. § 1001

2009 FCC Form 499-A Telecommunications Reporting Worksheet (Reporting Calendar 2008 Revenues)

Page 3

Block 2-C: FCC Registration and Contact Information

 Filers must refile Blocks 1, 2 and 6
if there are any changes in this section. See Instructions.

219 Filer 499 ID [from Line 101]				
220 Legal name of reporting entity [from Line 102]				
221 Chief Executive Officer (or, highest ranking company officer if the filing entity does not have a chief executive officer)	First	MI	Last	
222 Business address of individual named on Line 221	Street1			
	Street 2			
check if same as Line 109 <input type="checkbox"/>	Street 3			
	City	State	Zip (postal code)	Country if not USA
223 Second ranking company officer, such as Chairman (Must be someone other than the individual listed on Line 221)	First	MI	Last	
224 Business address of individual named on Line 223	Street1			
	Street 2			
check if same as Line 109 <input type="checkbox"/>	Street 3			
	City	State	Zip (postal code)	Country if not USA
225 Third ranking company officer, such as President or Secretary (Must be someone other than individuals listed on Lines 221 or 223)	First	MI	Last	
226 Business address of individual named on Line 225	Street1			
	Street 2			
check if same as Line 109 <input type="checkbox"/>	Street 3			
	City	State	Zip (postal code)	Country if not USA
227 Indicate jurisdictions in which the filing entity provides service. Include jurisdictions in which service was provided in the past 15 months and jurisdictions in which service is likely to be provided in the next 12 months.				
<input type="checkbox"/> Alabama	<input type="checkbox"/> Guam	<input type="checkbox"/> Massachusetts	<input type="checkbox"/> New York	<input type="checkbox"/> Tennessee
<input type="checkbox"/> Alaska	<input type="checkbox"/> Hawaii	<input type="checkbox"/> Michigan	<input type="checkbox"/> North Carolina	<input type="checkbox"/> Texas
<input type="checkbox"/> American Samoa	<input type="checkbox"/> Idaho	<input type="checkbox"/> Midway Atoll	<input type="checkbox"/> North Dakota	<input type="checkbox"/> Utah
<input type="checkbox"/> Arizona	<input type="checkbox"/> Illinois	<input type="checkbox"/> Minnesota	<input type="checkbox"/> Northern Mariana Islands	<input type="checkbox"/> U.S. Virgin Islands
<input type="checkbox"/> Arkansas	<input type="checkbox"/> Indiana	<input type="checkbox"/> Mississippi	<input type="checkbox"/> Ohio	<input type="checkbox"/> Vermont
<input type="checkbox"/> California	<input type="checkbox"/> Iowa	<input type="checkbox"/> Missouri	<input type="checkbox"/> Oklahoma	<input type="checkbox"/> Virginia
<input type="checkbox"/> Colorado	<input type="checkbox"/> Johnston Atoll	<input type="checkbox"/> Montana	<input type="checkbox"/> Oregon	<input type="checkbox"/> Wake Island
<input type="checkbox"/> Connecticut	<input type="checkbox"/> Kansas	<input type="checkbox"/> Nebraska	<input type="checkbox"/> Pennsylvania	<input type="checkbox"/> Washington
<input type="checkbox"/> Delaware	<input type="checkbox"/> Kentucky	<input type="checkbox"/> Nevada	<input type="checkbox"/> Puerto Rico	<input type="checkbox"/> West Virginia
<input type="checkbox"/> District of Columbia	<input type="checkbox"/> Louisiana	<input type="checkbox"/> New Hampshire	<input type="checkbox"/> Rhode Island	<input type="checkbox"/> Wisconsin
<input type="checkbox"/> Florida	<input type="checkbox"/> Maine	<input type="checkbox"/> New Jersey	<input type="checkbox"/> South Carolina	<input type="checkbox"/> Wyoming
<input type="checkbox"/> Georgia	<input type="checkbox"/> Maryland	<input type="checkbox"/> New Mexico	<input type="checkbox"/> South Dakota	

 228 Year and month filer first provided (or expects to provide) telecommunications in the U.S. ☐ Check if prior to 1/1/1999, otherwise Year Month

PERSONS MAKING WILLFUL FALSE STATEMENTS IN THE WORKSHEET CAN BE PUNISHED BY FINE OR IMPRISONMENT UNDER TITLE 18 OF THE UNITED STATES CODE, 18 U.S.C. § 1001

Save time, avoid problems -- file electronically at

<http://forms.universalservice.org>

 FCC Form 499-A
February 2009

Block 3: Carrier's Carrier Revenue Information

301	Filer 499 ID [from Line 101]				
302	Legal name of reporting entity [from Line 102]				
Report billed revenues for January 1 through December 31, 2008. Do not report any negative numbers. Dollar amounts may be rounded to the nearest thousand dollars. However, report all amounts as whole dollars.		Total Revenues (a)	If breakouts are not book amounts, enter whole percentage estimates		Breakouts
See instructions regarding percent interstate & international.			Interstate Revenues (d)	International Revenues (e)	
Revenues from Services Provided for Resale as Telecommunications by Other Contributors to Federal Universal Service Support Mechanisms					
<u>Fixed local service</u>					
Monthly service, local calling, connection charges, vertical features, and other local exchange service including subscriber line and PICC charges to IXCs					
303.1	Provided as unbundled network elements (UNEs)				
303.2	Provided under other arrangements				
<u>Per-minute charges for originating or terminating calls</u>					
304.1	Provided under state or federal access tariff				
304.2	Provided as unbundled network elements or other contract arrangement				
<u>Local private line & special access service</u>					
305.1	Provided to other contributors for resale as telecommunications				
305.2	Provided to other contributors for resale as interconnected VoIP				
306	Payphone compensation from toll carriers				
307	Other local telecommunications service revenues				
308	Universal service support revenues received from Federal or state sources				
<u>Mobile services (including wireless telephony, paging & messaging, and other mobile services)</u>					
309	Monthly, activation, and message charges except toll				
<u>Toll services</u>					
310	Operator and toll calls with alternative billing arrangements (credit card, collect, international call-back, etc.)				
311	Ordinary long distance (direct-dialed MTS, customer toll-free (800/888 etc.) service, "10-10" calls, associated monthly account maintenance, PICC pass-through, and other switched services not reported above)				
312	Long distance private line services				
313	Satellite services				
314	All other long distance services				
315	Total revenues provided for resale [Lines 303 through 314]				

Note: As stated in the instructions, for all revenues reported on this page, you must retain the Filer 499 ID and contact information for the associated customers. You must verify that each of these customers was a direct contributor to the federal universal service support mechanism for calendar year 2008 and that the customer is purchasing service for resale as telecommunications. These records must be made available to the administrator or the FCC upon request. The FCC website contains information on federal universal service contributors. (See instructions.)

PERSONS MAKING WILLFUL FALSE STATEMENTS IN THE WORKSHEET CAN BE PUNISHED BY FINE OR IMPRISONMENT UNDER TITLE 18 OF THE UNITED STATES CODE, 18 U.S.C. § 1001

Save time, avoid problems -- file electronically at

<http://forms.universalservice.org>

FCC Form 499-A
February 2009

2009 FCC Form 499-A Telecommunications Reporting Worksheet (Reporting Calendar 2008 Revenues)

Page 5

Block 4-A: End-User and Non-Telecommunications Revenue Information

401 Filer 499 ID [from Line 101]					
402 Legal name of reporting entity [from Line 102]					
Report billed revenues for January 1 through December 31, 2008. Do not report any negative numbers. Dollar amounts may be rounded to the nearest thousand dollars. However, report all amounts as whole dollars. See instructions regarding percent interstate & international.	Total Revenues	If breakouts are not book amounts, enter whole percentage estimates		Breakouts	
	(a)	Interstate (b)	International (c)	Interstate Revenues (d)	International Revenues (e)
Revenues from All Other Sources (end-user telecom. & non-telecom.)					
403 Surcharges or other amounts on bills identified as recovering State or Federal universal service contributions					
<i>Fixed local services</i>					
Monthly service, local calling, connection charges, vertical features, and other local exchange service charges except for federally tariffed subscriber line charges and PICC charges					
<i>traditional circuit switched</i>					
404.1 Provided at a flat rate including interstate toll service -- local portion					
404.2 Provided at a flat rate including interstate toll service -- toll portion					
404.3 Provided without interstate toll included (see instructions)					
<i>interconnected VoIP</i>					
404.4 Offered in conjunction with a broadband connection					
404.5 Offered independent of a broadband connection					
405 Tariffed subscriber line charges and PICC charges levied by a local exchange carrier on a no-PIC customer					
406 Local private line & special access service [Includes the transmission portion of wireline broadband Internet access provided on a common carrier basis.]					
407 Payphone coin revenues (local and long distance)					
408 Other local telecommunications service revenues					
<i>Mobile services (including wireless telephony, paging & messaging, and other mobile services)</i>					
409 Monthly and activation charges					
410 Message charges including roaming and air-time charges for toll calls, but excluding separately stated toll charges					

PERSONS MAKING WILLFUL FALSE STATEMENTS IN THE WORKSHEET CAN BE PUNISHED BY FINE OR IMPRISONMENT UNDER TITLE 18 OF THE UNITED STATES CODE, 18 U.S.C. § 1001

Save time, avoid problems -- file electronically at

<http://forms.universalservice.org>

FCC Form 499-A
February 2009

2009 FCC Form 499-A Telecommunications Reporting Worksheet (Reporting Calendar 2008 Revenues)

Page 6

Block 4-A: Continued

	Total Revenues (a)	If breakouts are not book amounts, enter whole percentage estimates		Breakouts	
		Interstate	International	Interstate Revenues (d)	International Revenues (e)
<i>Toll services</i>					
411 Prepaid calling card (including card sales to customers and non-carrier distributors) reported at face value of cards					
412 International calls that both originate and terminate in foreign points		0%	100%		
413 Operator and toll calls with alternative billing arrangements (credit card, collect, international call-back, etc.) other than revenues reported on Line 412					
Ordinary long distance (direct-dialed MTS, customer toll-free (800/888 etc.) service, "10-10" calls, associated monthly account maintenance, PICC pass-through, and other switched services not reported above)					
414.1 All, other than interconnected VoIP, including, but not limited to, itemized toll on wireline and wireless bills					
414.2 All interconnected VoIP long distance, including, but not limited to, itemized toll					
415 Long distance private line services					
416 Satellite services					
417 All other long distance services					
Revenues other than U.S. telecommunications revenues, including information services, inside wiring maintenance, billing and collection customer premises equipment, published directory, dark fiber, Internet access, cable TV program transmission, foreign carrier operations, and non-telecommunications revenues. (See instructions.)					
418.1 bundled with circuit switched local exchange service					
418.2 bundled with interconnected VoIP local exchange service					
418.3 other					

Block 4-B: Total Revenue and Uncollectible Revenue Information

419 Gross billed revenues from all sources (incl. reseller & non-telecom.) [Lines 303 through 314 plus Lines 403 through 418]					
420 Gross universal service contribution base amounts [Lines 403 through 411 Lines 413 through 417] See Figure 4 in instructions.					
421 Uncollectible revenue/bad debt expense associated with gross billed revenues amounts shown on Line 419 [See Instructions Page 26]					
422 Uncollectible revenue/bad debt expense associated with universal service contribution base amounts shown on Line 420					
423 Net universal service contribution base revenues [Line 420 minus line 422]					

PERSONS MAKING WILLFUL FALSE STATEMENTS IN THE WORKSHEET CAN BE PUNISHED BY FINE OR IMPRISONMENT UNDER TITLE 18 OF THE UNITED STATES CODE, 18 U.S.C. § 1001

Save time, avoid problems -- file electronically at

<http://forms.universalservice.org>

 FCC Form 499-A
February 2009

Block 5: Additional Revenue Breakouts

501 Filer 499 ID [from Line 101]

502 Legal name of reporting entity [from Line 102]

Filers that report revenues in Block 3 and Block 4 must provide the percentages requested in Lines 503 through 510.

See page 27 of instructions for limited exceptions.

Percentage of revenues reported in Block 3 and Block 4 billed in each region of the country. Round or estimate to nearest whole percentage. Enter 0 if no service was provided in the region.

		Block 3 Carrier's Carrier (a)	Block 4 End-User Telecom. (b)
503	Southeast: Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee, and U.S. Virgin Islands	%	%
504	Western: Alaska, Arizona, Colorado, Idaho, Iowa, Minnesota, Montana, Nebraska, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, and Wyoming	%	%
505	West Coast: California, Hawaii, Nevada, American Samoa, Guam, Johnston Atoll, Midway Atoll, Northern Mariana Islands, and Wake Island.	%	%
506	Mid-Atlantic: Delaware, District of Columbia, Maryland, New Jersey, Pennsylvania, Virginia, and West Virginia	%	%
507	Mid-West: Illinois, Indiana, Michigan, Ohio, and Wisconsin	%	%
508	Northeast: Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont	%	%
509	Southwest: Arkansas, Kansas, Missouri, Oklahoma, and Texas	%	%
510	Total [Percentages must add to 0 or 100.]	%	%

511 Revenues from resellers that do not contribute to Universal Service support mechanisms are included in Block 4-B, Line 420 but may be excluded from a filer's TRS, NANPA, LNP, and FCC interstate telephone service provider regulatory fee contribution bases. To have these amounts excluded, the filer has the option of identifying such revenues below. **As stated in the instructions, you must have in your records the FCC Filer 499 ID for each customer whose revenues are included on Line 511. (See instructions.)**

	(a) Total Revenues	(b) Interstate and International
Revenues from resellers that do not contribute to Universal Service	\$	\$

PERSONS MAKING WILLFUL FALSE STATEMENTS IN THE WORKSHEET CAN BE PUNISHED BY FINE OR IMPRISONMENT UNDER TITLE 18 OF THE UNITED STATES CODE, 18 U.S.C. § 1001

Save time, avoid problems -- file electronically at

<http://forms.universalservice.org>

FCC Form 499-A
February 2009

Block 6: CERTIFICATION: to be signed by an officer of the filer

601 Filer 499 ID [from Line 101]

602 Legal name of reporting entity [from Line 102]

Section IV of the instructions provides information on which types of reporting entities are required to file for which purposes. Any entity claiming to be exempt from one or more contribution requirements should so certify below and attach an explanation. [The Universal Service Administrator will determine which entities meet the *de minimis* threshold based on information provided in Block 4, even if you fail to so certify, below.]

603 I certify that the reporting entity is exempt from contributing to:

Universal Service ☐TRS ☐NANPA ☐LNP Administration ☐

Provide explanation below:

604 Please indicate whether the reporting entity is

State or Local Government Entity ☐I.R.C. § 501 or State Tax Exempt (see instructions) ☐605 I certify that the revenue data contained herein are privileged and confidential and that public disclosure of such information would likely cause substantial harm to the competitive position of the company. I request nondisclosure of the revenue information contained herein pursuant to Sections 0.459, 52.17, 54.711 and 64.604 of the Commission's Rules. ☐

I certify that I am an officer of the above-named reporting entity as defined on page 33 of the instructions, that I have examined the foregoing report and, to the best of my knowledge, information and belief, all statements of fact contained in this Worksheet are true and that said Worksheet is an accurate statement of the affairs of the above-named company for the previous calendar year. In addition, I swear, under penalty of perjury, that all requested identification registration information has been provided and is accurate. If the above-named reporting entity is filing on a consolidated basis, I certify that this filing incorporates all of the revenues for the consolidated entities for the entire year and that the filer adhered to and continues to meet the conditions set forth in Section II-B of the instructions.

606 Signature

607 Printed name of officer

First

MI

Last

608 Position with reporting entity

609 Business telephone number of officer

() -

ext -

610 Email of officer || Required if available -- not for public release ||

611 Date

612 Check those that apply:

☐

Original April 1 filing for year

☐

New filer, registration only

☐

Revised filing with updated registration

☐

Revised filing with updated revenue data

Do not mail checks with this form. Send this form to: **Form 499 Data Collection Agent c/o USAC 2000 L Street, N.W. Suite 200 Washington DC, 20036**For additional information regarding this worksheet contact: Telecommunications Reporting Worksheet information: (888) 641-8722 or via email: Form499@universalservice.org

PERSONS MAKING WILLFUL FALSE STATEMENTS IN THE WORKSHEET CAN BE PUNISHED BY FINE OR IMPRISONMENT UNDER TITLE 18 OF THE UNITED STATES CODE, 18 U.S.C. § 1001

Save time, avoid problems -- file electronically at

<http://forms.universalservice.org>FCC Form 499-A
February 2009

FCC Form 499 Revised, February 2009

Approved by OMB 3060-0855

Estimated Average Burden Hours Per Response: 13.5 Hours

Telecommunications Reporting Worksheet, FCC Form 499-A (2009)

Instructions for Completing the Worksheet for Filing Contributions to Telecommunications Relay Service, Universal Service, Number Administration, and Local Number Portability Support Mechanisms

* * * * *

NOTICE: Section 52.17 of the Federal Communications Commission's rules provides that all telecommunications carriers and interconnected voice over Internet protocol (VoIP) providers in the United States shall contribute on a competitively neutral basis to meet the costs of establishing numbering administration, and directs that contributions shall be calculated and paid in accordance with this Telecommunications Reporting Worksheet (FCC Form 499-A or Worksheet). 47 C.F.R. § 52.17. Section 52.32 provides that the local number portability administrators shall recover the shared costs of long-term number portability from all telecommunications carriers and interconnected VoIP providers. 47 C.F.R. § 52.32. Sections 54.706, 54.711, and 54.713 require all telecommunications carriers providing interstate telecommunications services, interconnected VoIP providers, providers of interstate telecommunications that offer interstate telecommunications for a fee on a non-common carrier basis, and payphone providers that are aggregators to contribute to universal service and file this Worksheet once a year and the Telecommunications Reporting Worksheet (FCC Form 499-Q) four times a year. 47 C.F.R. §§ 54.706, 54.711, 54.713. Section 64.604 requires that every common carrier and interconnected VoIP provider contribute to the Telecommunications Relay Services (TRS) Fund on the basis of its relative share of interstate end-user telecommunications revenues, with the calculation based on information provided in this Worksheet. 47 C.F.R. §§ 64.601(b), 64.604(c)(5)(iii)(B). Section 64.1195 and the Commission's orders require all telecommunications carriers and interconnected VoIP providers to register using the FCC Form 499-A. 47 C.F.R. § 64.1195(a).

This collection of information stems from the Commission's authority under sections 151(i), 225, 251, 254, and 258 of the Communications Act of 1934, as amended (Communications Act or Act), 47 U.S.C. §§ 151(i), 225, 251, 254, and 258. The data in the Worksheet will be used to calculate contributions to the universal service support mechanisms, the telecommunications relay services support mechanism, the cost recovery mechanism for numbering administration, and the cost recovery mechanism for shared costs of long-term number portability. Selected information provided in the Worksheet will be made available to the public in a manner consistent with the Commission's rules.

We have estimated that each response to this collection of information will take, on average, 13.5 hours. Our estimate includes the time to read the instructions, look through existing records, gather and maintain the required data, and actually complete and review the form or response. If you have any comments on this estimate, or how we can improve the collection and reduce the burden it causes you, please write the Federal Communications Commission, AMD-PERF, Washington, D.C. 20554, Paperwork Reduction Project (3060-0855). We also will accept your comments via the Internet if you send them to PRA@FCC.gov. Please DO NOT SEND COMPLETED WORKSHEETS TO THIS ADDRESS.

Remember -- You are not required to respond to a collection of information sponsored by the federal government, and the government may not conduct or sponsor this collection, unless it displays a currently valid Office of Management and Budget (OMB) control number. This collection has been assigned an OMB control number of 3060-0855.

The Commission is authorized under the Communications Act to collect the information we request on this form. We will use the information that you provide to determine contribution amounts. If we believe there may be a violation or potential violation of a statute or a Commission regulation, rule, or order, your Worksheet may be referred to the Federal, state, or local agency responsible for investigating, prosecuting, enforcing, or implementing the statute, rule, regulation, or order. In certain cases, the information in your Worksheet may be disclosed to the Department of Justice, court, or other adjudicative body when (a) the Commission; or (b) any employee of the Commission; or (c) the United States government, is a party to a proceeding before the body or has an interest in the proceeding.

With the exception of your employer identification number, if you do not provide the information we request on the Worksheet, the Commission may consider you in violation of sections 1.47, 52.17, 52.32, 54.713, 64.604, and 64.1195 of the Commission's rules. 47 C.F.R. §§ 1.47, 52.17, 52.32, 54.713, 64.604, and 64.1195.

The foregoing Notice is required by the Paperwork Reduction Act of 1995, P.L. No. 104-13, 44 U.S.C. § 3501, *et seq.*

* * * * *

Table of Contents

I.	Introduction	3
II.	Filing Requirements and General Instructions	4
A.	Who Must File	4
1.	Universal service exemption for <i>de minimis</i> telecommunications providers	5
2.	Exception for government, broadcasters, schools and libraries	8
3.	Exception for systems integrators and self-providers	8
B.	Filing by Legal Entity	8
C.	When and Where to File	9
D.	Rounding of Numbers and Negative Numbers	11
E.	Obligation to File Revisions	11
F.	Record Keeping	12
G.	Compliance	12
III.	Specific Instructions	13
A.	Block 1: Filer Identification Information	13
B.	Block 2: Contact Information	16
1.	Block 2-A: Regulatory Contact Information	16
2.	Block 2-B: Agent for Service of Process	17
3.	Block 2-C: FCC Registration Information	17
C.	Block 3, Block 4-A and Block 4-B: Filer Revenue Information	18
1.	Separating revenues from other contributors to the federal universal service support mechanisms (Block 3) from end-user and non-telecommunications revenues (Block 4) (carrier's carrier vs. end-user)	18
2.	Column (a) - total revenues	20
3.	Columns (b), (c), (d), and (e) - interstate & international	21
4.	Explanation of Block 3 and Block 4-A revenue categories	24
	Fixed local service revenue categories	25
	Mobile service	27
	Toll service revenue categories	27
	Other revenues categories	29
5.	Block 4-B total revenue and uncollectible revenue information	30

6.	Notes for carriers that use the USOA	31
D.	Block 5: Additional Revenue Breakout	31
E.	Block 6: Certification	32
IV.	Calculation of Contributions	34
A.	Contribution Requirements	34
B.	Contribution Bases	36
V.	Reminders	37
Figure 1:	Table to determine if a filer meets the <i>de minimis</i> standard for purposes of universal service contribution	7
Figure 2:	Filing schedule	10
Figure 3:	Which telecommunications carriers and telecommunications providers must contribute for which purposes	35
Figure 4:	Contribution bases	36

File FCC Form 499-A online. See: <http://forms.universalservice.org>

I. Introduction

As required under the Communications Act,¹ the Commission has established, in a series of separate proceedings, procedures to finance interstate telecommunications relay services (TRS), universal service support mechanisms, administration of the North American Numbering Plan (NANPA), and shared costs of local number portability administration (LNPA). To accomplish these congressionally directed objectives, contributions are collected from all telecommunications carriers providing interstate telecommunications services and certain other providers of interstate telecommunications (including interconnected VoIP providers). On July 14, 1999, the Commission amended its rules so that contributors to these mechanisms need only file one Telecommunications Reporting Worksheet (Worksheet) for the purpose of determining their contribution(s).² This Worksheet sets forth the information that the filer must submit, so that the administrators of these mechanisms may calculate and assess contributions.³

¹ 47 U.S.C. §§ 151, 225, 251, 254.

² On March 9, 2001, the Commission modified its rules to base universal service contributions on information reported on quarterly Telecommunications Reporting Worksheet filings, with an annual true-up based on information reported on annual Telecommunications Reporting Worksheets. *Federal-State Joint Board on Universal Service, Petition for Reconsideration filed by AT&T*, CC Docket No. 96-45, Report and Order and Order on Reconsideration, 16 FCC Rcd 5748 (2001) (*Quarterly Reporting Order*); see also, *1998 Biennial Regulatory Review -- Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Services, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms*, CC Docket 98-171, Report and Order, 14 FCC Rcd 16602 (1999) (*Consolidated Reporting Order*).

³ In addition, filers use data submitted on the Form 499-A to calculate their Interstate Telecommunications Service Provider (ITSP) fees. See *Assessment and Collection of Regulatory Fees for Fiscal Year 2003*, MD Docket No. 03-83, Report and Order, 18 FCC Rcd 15985 (2000); *Assessment and Collection of Regulatory Fees for Fiscal Year 2007*, MD Docket No 07-81, Report and Order and Further Notice of Proposed Rulemaking, 22 FCC Rcd 15712 (2007). Section 6003(a) of the Omnibus Budget Reconciliation Act of 1993 (Public Law 103-66) added section 9(a) to the Communications Act, which authorizes the Commission to collect annual regulatory fees to recover the annual costs of its enforcement, policy and rulemaking, user information, and international activities. 47 U.S.C. § 159(a), (b)(1)(A), and (g).

While some entities that file the Telecommunications Reporting Worksheet may not need to contribute to each of the support and cost recovery mechanisms, in general, all telecommunications carriers and certain additional telecommunications providers must complete and file this Worksheet.⁴ These instructions contain an explanation of which filers must contribute to particular mechanisms (*see* Section IV-A.), but filers should consult the specific rules that govern contributions for each of the mechanisms.⁵ In general, contributions are calculated based on contributors' end-user telecommunications revenue information, as filed in this Worksheet.

By filing this Worksheet, filers may also satisfy their obligations under section 413 of the Act to designate an agent in the District of Columbia for service of process⁶ and their obligations to register with the Federal Communications Commission.⁷

II. Filing Requirements and General Instructions

A. Who Must File

All intrastate, interstate and international providers of telecommunications within the United States,⁸ with very limited exceptions, must file the FCC Form 499-A Telecommunications Reporting Worksheet.⁹

For purposes of determining whether an entity provides telecommunications, please note that the term "telecommunications" means the transmission, between or among points specified by the user, of information of the user's choosing, without change in the form or content of the information as sent and received. For the purpose of filing, the term "interstate telecommunications" includes, but is not limited to, the following types of services: wireless telephony, including cellular and personal communications services (PCS); paging and messaging services; dispatch services; mobile radio services;¹⁰ operator services; access to interexchange service; special access; wide

⁴ Please note that this Worksheet refers to "filers," "reporting entities," and "contributors" interchangeably, except where specifically distinguished.

⁵ *See* 47 C.F.R. §§ 52.17 (numbering administration), 52.32 (local number portability), 54.706 (universal service), and 64.604 (TRS).

⁶ 47 U.S.C. § 413; *see also* 47 C.F.R. § 1.47.

⁷ 47 C.F.R. § 64.1195.

⁸ For this purpose, the United States is defined as the contiguous United States, Alaska, Hawaii, American Samoa, Baker Island, Guam, Howland Island, Jarvis Island, Johnston Atoll, Kingman Reef, Midway Island, Navassa Island, the Northern Mariana Islands, Palmyra, Puerto Rico, the U.S. Virgin Islands, and Wake Island.

⁹ Section 254(d) applies not only to "every telecommunications carrier that provides interstate telecommunications services" but also to certain "other provider[s] of interstate telecommunications." 47 U.S.C. § 254(d) (emphasis added). For more information on these terms, *see* 47 U.S.C. §§ 153(43), (46); *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, 12 FCC Rcd 8776 (1997) (*Universal Service Order*); *Universal Service Contribution Methodology*, *Federal-State Joint Board on Universal Service*, 1998 Biennial Regulatory Review – Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Service, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms, *Telecommunications Services for Individuals with Hearing and Speech Disabilities*, and the Americans with Disabilities Act of 1990, *Administration of the North American Numbering Plan and North American Numbering Plan Cost Recovery Contribution Factor and Fund Size*, Number Resource Optimization, Telephone Number Portability, Truth-In-Billing and Billing Format, IP-Enabled Services, WC Docket Nos. 06-122 and 04-36, CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-116, and 98-170, Report and Order and Notice of Proposed Rulemaking, 21 FCC Rcd 7518 (2006) (*2006 Contribution Methodology Reform Order*).

¹⁰ *See Request for Review by Waterway Communication System, LLC and Mobex Network Services, LLC of a Decision of the Universal Service Administrator*, WC Docket No. 06-122, Order, 23 FCC Rcd 12836 (Wireline Comp. Bur. 2008).

area telecommunications services (WATS); subscriber toll-free services; 900 services; message telephone services (MTS); private line; telex; telegraph; video services; satellite services; resale services; frame relay, asynchronous transfer mode (ATM) and Multi-Protocol Label Switching (MPLS) services; audio bridging services;¹¹ and interconnected VoIP services. Note, for example, that all incumbent and competitive local exchange carriers provide access services and, therefore, provide interstate telecommunications. There are no exemptions for data or non-voice services.

Note also that entities must file this Worksheet, and are subject to the universal service contribution requirement, if they offer interstate telecommunications for a fee to the public even if only a narrow or limited class of users could utilize the services. Included are entities that provide interstate telecommunications to entities other than themselves for a fee on a private, contractual basis. In addition, owners of pay telephones, sometimes referred to as "pay telephone aggregators," must file this Worksheet. Most telecommunications carriers and all interconnected VoIP providers must file this Worksheet even if they qualify for the *de minimis* exemption under the Commission's rules for universal service.¹²

Marketing agents (i.e., entities that market services on behalf of a telecommunications provider) are not themselves telecommunications providers and are not required to file this Worksheet. The amounts remitted to or retained by the marketing agent are treated as expenses of the underlying provider and may not be deducted from underlying carrier revenues. A reseller is not a marketing agent.

The following three sections list types of (non-common carrier) telecommunications providers that are not required to file the FCC Form 499-A Worksheet. Note that some carriers and telecommunications providers are required to file this Worksheet, but may not be required to contribute to all support mechanisms. For example, some carriers may be exempt from contributing directly to the universal service support mechanisms (e.g., because they are *de minimis*), but nevertheless must file because they are required to contribute to TRS, NANPA, or LNPA. These non-contributors must be treated as end users by their underlying carriers and therefore may end up contributing indirectly as a result of pass-through charges.

1. Universal service exemption for *de minimis* telecommunications providers

Section 54.708 of the Commission's rules states that telecommunications carriers and telecommunications providers are not required to contribute to the universal service support mechanisms for a given year if their contribution for that year is less than \$10,000.¹³ Thus, except as provided below, providers that offer telecommunications for a fee exclusively on a non-common carrier basis need not file this Worksheet if their contribution to the universal service support mechanisms would be *de minimis* under the universal service rules. Note: Entities that provide solely private line service may nevertheless be considered common carriers if they offer their services directly to the public or to such classes of users as to be effectively available directly to the public. In contrast, telecommunications carriers (i.e., entities providing telecommunications services on a common-carriage basis) that meet the *de minimis* standard must file this Worksheet (because they must contribute to other support and cost recovery mechanisms), but need not contribute to the universal service mechanisms. Regardless, interconnected VoIP providers that meet the *de minimis* standard also must file this Worksheet (but need not submit Form 499-Q). (See Figure 3 "Which telecommunications carriers and telecommunications providers must contribute for which purposes" at page 32, below.)

¹¹ See *Request for Review by InterCall, Inc. of Decision of Universal Service Administrator*, CC Docket No. 96-45, Order, 23 FCC Rcd 10731, 10737-38, para. 22 (2008).

¹² See 47 C.F.R. § 54.708.

¹³ *Id.*

Telecommunications providers providing telecommunications on a non-common carrier basis and interconnected VoIP providers should complete the table contained in Figure 1 to determine whether they meet the *de minimis* standard. To complete Figure 1, potential filers must first complete Block 4 of the Telecommunications Reporting Worksheet and enter the amounts from Line 423(d) and 423(e) in Figure 1. Telecommunications providers whose estimated contributions to universal service support mechanisms would be less than \$10,000 are considered *de minimis* for universal service contribution purposes and will not be required to contribute directly to universal service support mechanisms. Use Figure 1 to calculate estimated universal service contributions for the period January 2009 through December 2009.

Telecommunications providers that do not file this Worksheet because they are *de minimis* for purposes of universal service contributions (and need not file for any other purpose) should retain Figure 1 and documentation of their contribution base revenues nonetheless for five calendar years after the date each Worksheet is due.¹⁴ Interconnected VoIP providers who are *de minimis* must file this Worksheet and retain Figure 1 and documentation of their contribution base revenues for 3 calendar years after the date each Worksheet is due.

¹⁴ See *Comprehensive Review of the Universal Service Fund Management, Administration, and Oversight*, WC Docket No. 05-195, Report and Order, 22 FCC Rcd 16372, 16386-87, para. 27 (2007) (codified at 47 C.F.R. § 54.706(e)) (*USF Comprehensive Review Order*).

Figure 1: Table to determine if a filer meets the *de minimis* standard for purposes of universal service contribution

1	Net interstate contribution base for filer (amount reportable on filer's FCC Form 499-A; Line 423(d))	\$
2	Net international contribution base for filer (amount reportable on filer's FCC Form 499-A; Line 423(e))	\$
3	Net interstate contribution base for all affiliates* (total of amounts reportable on FCC Form 499-A; Line 423(d) for all affiliates of the filer)	\$
4	Net international contribution base for all affiliates (total of amounts reportable on FCC Form 499-A; Line 423(e) for all affiliates of the filer)	\$
5	Consolidated interstate contribution base: Line (1) + Line (3)	\$
6	Consolidated international contribution base: Line (2) + Line (4)	\$
7	Total potential contribution base for filer and its affiliates: Line (5) + Line (6)	\$
8	Combined interstate contribution base as a percentage of total potential contribution base: Line (5) / Line (7)	%
9	Interstate contribution base for filer from Line (1)	\$
10	If the amount on line (8) is equal to or greater than 12%, enter into Line (10) the international contribution base for the filer from Line (2). If the amount on Line (8) is less than 12%, enter \$0	\$
11	Contribution base for the filer for determining contributions to universal service support mechanisms: Line (9) + Line (10)	\$
12	Estimation factor for determining whether to file a FCC Form 499-A on April 1, 2009	0.108**
13	Estimated annual contribution: amount on Line (11) multiplied by Line (12)	\$

* Unless otherwise specifically provided, an affiliate is a "person that (directly or indirectly) owns or controls, is owned or controlled by, or is under common ownership or control with, another person." For this purpose, the term 'owns' means to own an equity interest (or the equivalent thereof) of more than 10 percent. See 47 U.S.C. § 153(1).

** The estimation factor is based on a contribution factor of .120, which is higher than the contribution factor announced for any quarter of 2008, and a corresponding circularity factor of 0.106185. Actual contribution and circularity factors for 2009 may increase or decrease depending on quarterly changes in program costs and the projected contribution base. Filers whose actual contribution requirements total less than \$10,000 for the calendar year will be treated as *de minimis* and will receive refunds, if necessary. Filers whose actual contribution requirements total \$10,000 or more are required to contribute to the universal service support mechanisms. Note that telecommunications carriers and interconnected VoIP providers must file this Worksheet regardless of whether they qualify for the *de minimis* exemption. Telecommunications carriers may qualify for one of the exemptions to filing detailed in Sections II-A-2 or II-A-3, below.

2. Exception for government, broadcasters, schools and libraries

Certain entities are explicitly exempted from contributing directly to the universal service support mechanisms and need not file this Worksheet unless they nonetheless must contribute to TRS, LNP or NANPA.. Government entities that purchase telecommunications services in bulk on behalf of themselves (e.g., state networks for schools and libraries) are not required to file or contribute directly to universal service. Public safety and local governmental entities licensed under Subpart B of Part 90 of the Commission's rules are not required to file or contribute directly to universal service. Similarly, if an entity provides interstate telecommunications exclusively to public safety or government entities and does not offer services to others, that entity is not required to file or contribute directly to universal service. In addition, broadcasters, non-profit schools, non-profit libraries, non-profit colleges, non-profit universities, and non-profit health care providers are not required to file the Worksheet or contribute directly to universal service. As explained above, these non-contributors must be treated as end users by their underlying carriers and therefore may end up contributing indirectly as a result of pass-through charges.

3. Exception for systems integrators and self-providers

Systems integrators that derive less than five percent of their systems integration revenues from the resale of telecommunications are not required to file or contribute directly to universal service. Systems integrators are providers of integrated packages of services and products that may include the provision of computer capabilities, interstate telecommunications services, remote data processing services, back-office data processing, management of customer relationships with underlying carriers and vendors, provision of telecommunications and computer equipment, equipment maintenance, help desk functions, and other services and products. Entities that provide services only to themselves or to commonly-owned affiliates need not file.

B. Filing by Legal Entity

Each legal entity that provides interstate telecommunications service for a fee or that provides interstate interconnected VoIP service, including each affiliate or subsidiary of an entity, must complete separately and file a copy of the attached Telecommunications Reporting Worksheet, except as provided for below. Entities that have distinct articles of incorporation, articles of formation, or similar legal document are separate legal entities. Each affiliate or subsidiary should identify their ultimate controlling parent or entity on Block 1 Line 106 – Holding Company.

Consolidated filing will be permitted only if the filing entity certifies that all of the following conditions are met:¹⁵

- (1) A single entity oversees the management of the affiliated systems;
- (2) A single entity sends bills to customers and these bills identify a single entity (or trade name) as the service provider, rather than identifying the individual legal entities;
- (3) All revenues are posted to a single general ledger;¹⁶
- (4) To the extent that separate revenue and expense accounts exist, they are derived from one consolidated set of books and the consolidated filing must cover all revenues contained in the

¹⁵ *Federal-State Joint Board on Universal Service, 1998 Biennial Regulatory Review - Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Service, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms, Telecommunications Services for Individuals with Hearing and Speech Disabilities, and the Americans With Disabilities Act of 1990, Administration of the North American Numbering Plan and North American Numbering Plan Cost Recovery Contribution Factor and Fund Size, Number Resource Optimization, Telephone Number Portability, Truth-in-Billing and Billing Format, CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-116, 98-170, Further Notice of Proposed Rulemaking and Report and Order, 17 FCC Rcd 3752 (2002) (First Further Notice and Report and Order).*

¹⁶ The FCC Form 499 Filings for the consolidated filer must reflect all revenues in this general ledger.

- consolidated books;
- (5) Customers have a single point of contact;
 - (6) The consolidated filer acknowledges that process served on the consolidated filer would represent process served on any or all of the affiliated legal entities;
 - (7) The consolidated filer agrees to document and resolve all slamming complaints that might be served on either the filing entity or any of the affiliated legal entities;¹⁷
 - (8) The consolidated filer obtains a separate FCC Registration Number (FRN) from those assigned to its affiliated legal entities;
 - (9) The consolidated filer acknowledges that its obligations with regard to universal service, Telecommunications Relay Services, Local Number Portability, the North American Numbering Plan, and regulatory fees will be based on the data provided in consolidated Worksheet filings, that it bears the responsibility to satisfy those obligations, and that all legal entities covered by the filing are jointly and severally liable for such obligations; and
 - (10) The consolidated filer acknowledges that it: (A) was not insolvent on the date it undertook to make payments on a consolidated basis or on the date of actual payments to universal service, Telecommunications Relay Services, Local Number Portability, the North American Numbering Plan, and regulatory fees, and did not become insolvent as a result of such undertaking or payments; (B) was not left with unreasonably small capital as a result of such undertaking or payments; and (C) was not left unable to pay debts as they matured as a result of such undertaking or payments.¹⁸

Each year, entities choosing to file on a consolidated basis must file a statement certifying that they meet all of the above conditions. Such certification also must include: (1) a list of the legal names of all legal entities that are covered by the filing; (2) the FCC Form 499 identification numbers of all legal entities that are covered by the filing; (3) the consolidated filer's FRN; and (4) for wireless carriers, a list of all radio licenses (call signs) issued to each legal entity covered by the filing. Consolidated filers should file this certification with the Commission's Data Collection Agent. Furthermore, a contributor choosing to file on a consolidated basis should recognize that any penalties associated with failure to pay or with underpayment of any of its obligations will be assessed on the total revenue reported on the consolidated basis, rather than on a separate legal entity basis.

C. When and Where to File

Figure 2 provides the filing schedule and relevant filing addresses. If a filing date is a holiday (as defined in section 1.4(e)(1) of the Commission's rules) Worksheets are due the next business day. There is no fee to file this form.

¹⁷ A Commercial Mobile Radio Service (CMRS) carrier that is not subject to certain slamming regulations is not required to certify that it will document and resolve all slamming complaints that might be served on either the filing entity or any of its affiliated legal entities that also are not subject to the slamming regulations.

¹⁸ For purposes of this certification, the term "insolvent" means either unable to pay debts when due or having liabilities greater than assets. See 11 U.S.C. § 101(32).

Figure 2: Filing schedule

When to file	What to file	Where to file *
April 1	Annual Completed FCC Form 499-A	Form 499 Data Collection Agent c/o USAC 2000 L Street, N.W. Suite 200 Washington, DC 20036
February 1 May 1 August 1 November 1	Completed FCC Form 499-Q (universal service contributors only)	Form 499 Data Collection Agent (address above)
February 1 May 1 August 1 November 1	Traffic Study – Interconnected VoIP and CMRS providers relying on a traffic study to report interstate revenues on the FCC Form 499-Q must file the traffic study relied on. <i>See pg. 23 below</i>	Form 499 Data Collection Agent (address above) One Copy to: Chief, Industry Analysis and Technology Division, Wireline Competition Bureau Federal Communications Commission Room 6-A224 445 12th Street, S.W. Washington, D.C. 20554
New telecommunications carriers and other providers of telecommunications; filers with changed registration information	Completed Pages 1, 2, 3 and 8 of FCC Form 499-A	Form 499 Data Collection Agent (address above)
Filers that cease providing telecommunications	Letter to Form 499 Data Collection Agent with termination date and information on successor, if any Update CORES registration	Form 499 Data Collection Agent (address above) https://gullfoss2.fcc.gov/cores/CoresHome.html .
Telecommunications carriers and interconnected VoIP providers within one week of a change in information concerning their designated agent for service of process	Completed Page 1, Block 2-B and Page 8 of FCC Form 499-A	One Copy to: Chief, Market Disputes Resolution Division, Enforcement Bureau Room 4-C342 445 12th Street, S.W. Washington, D.C. 20554
Telecommunications carriers and other providers of telecommunications within one week of a change in other registration information	Appropriate revised Blocks and completed Page 8 of FCC Form 499-A	Form 499 Data Collection Agent (address above)
* Do not send universal service, TRS, NANPA or LNPA contributions with this Worksheet or to any of these addresses. The appropriate administrators will calculate the amount of contribution due and send a bill to the billing contact person and billing address identified on line 208 of the FCC Form 499-A. For information on filing electronically , go to: http://forms.universalservice.org		

If you have questions about the Worksheet or the instructions, you may contact:

Form 499 Telecommunications Reporting	Form499@universalservice.org
Worksheet Information	(888) 641-8722
Wireline Competition Bureau	
Industry Analysis and Technology Division	(202) 418-0940
TTY	(202) 418-0484

If you have questions regarding contribution amounts, billing procedures or the support and cost recovery mechanisms, you may contact:

Universal Service Administration	(888) 641-8722
TRS Administration	(973) 884-8334
NANPA Billing and Collection Agent	(613) 236-9191
Local Number Portability Administrators	(877) 245-5277

D. Rounding of Numbers and Negative Numbers

All information provided in the Worksheet should be neatly printed in ink or typed. Please provide an original officer signature in ink on Line 606.

Dollar Amounts. Reported revenues in Blocks 3, 4 and 5 that are greater than a thousand dollars may be rounded to the nearest thousand dollars. Regardless of rounding, **all dollar amounts must be reported in whole dollars**. For example, \$2,271,881.93 could be reported as \$2,271,882 or as \$2,272,000, but could not be reported as \$2272 thousand, \$2,270,000.00, \$2,271,881.93, or \$2.272 million. Please enter \$0 in any line for which the filer had no revenues for the year.

Percentages. Percentages reported in Block 3 and Block 4, columns (b) and (c), should be rounded to the nearest whole percent. For example, if the exact amount of interstate revenues for a line is not known, but the filer estimates that the ratio of interstate to total revenues was .425, then the figure 43% should be reported and used for calculating the amount reported in column (b) and used for calculating the revenue amount reported in column (d).

Negative Numbers. Filers are directed to provide billed revenues without subtracting any expenses, allowances for uncollectibles or settlement payments and without making out-of-period adjustments. Therefore, do not enter negative numbers on any billed revenue lines on the Worksheet. See instructions for Lines 421 and 422 regarding negative uncollectibles.

E. Obligation to File Revisions

Line 612 provides check boxes to show whether the Worksheet is the original April 1 filing for the year, a registration form for a new filer, a revised filing with updated registration information, or a revised filing with updated revenue data for the year. Filers must submit a revised Form 499-A if there is a change in any of the following types of information: contributor identification contained in Block 1; regulatory contact information contained in Block 2-A; agent for service of process in Block 2-B; or FCC registration information in Block 2-C.

A filer must submit a revised Worksheet if it discovers an error in the revenue data that it reports. Companies generally close their books for financial purposes by the end of March. Accordingly, for such telecommunications providers, the April filing should be based on closed books. In filing a revised Worksheet, filers should not include (carry back or bring forward) routine out-of-period adjustments to revenue data unless such adjustments would affect a reported amount by more than ten percent. To file revised revenue data, filers must complete Block 3, Block 4, Block 5, and Block 6.